

Economic Development Corporation of Los Angeles County



1991 MID-YEAR ECONOMIC FORECAST FOR THE
LOS ANGELES FIVE-COUNTY AREA

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**1991 MID-YEAR ECONOMIC FORECAST FOR THE
LOS ANGELES FIVE-COUNTY AREA**

(Los Angeles, Orange, Riverside, San Bernardino
and Ventura counties)

The 1990-1991 recession has had differing impacts on California and Southern California. Overall, there will be little or no economic growth in the state and five-county area during 1991, with a slow recovery developing late in the year. The Riverside-San Bernardino area has exhibited the most strength during the current business cycle, and should lead the Southern California rebound. However, continuing declines in the key aerospace and construction sectors combined with some "flight" of manufacturing will retard economic growth in Los Angeles County until mid-1992.

BACKGROUND

The economies of California and the Los Angeles five-county area started to slow down in mid-1990, and by early 1991 were definitely feeling the pain of the 1990-1991 recession. Uncertainties and disruptions caused by the middle-east war, the on-going drought, cut-backs in aerospace, and sharp declines in construction activity all contributed. The economic slowdown was most visible in Los Angeles and Santa Clara counties, where aerospace is a major activity.

At mid-1991, the consensus forecast was that the nation's economy had hit bottom and was poised for a slow, sluggish recovery. Moreover, the Federal Reserve eased interest rates in early August to insure the recovery. In California and Southern California, the economy should be slower to rebound, as the problems in aerospace and construction will linger. However, it was not all bad news in the Los Angeles area, as the service side of the economy -- engineering and management services, international trade, and motion picture/television production, all managed to record gains through mid-1991, and should continue to expand over the near-term.

Pluses and Minuses

On the **negative side** of the economic balance sheet for the rest of 1991 and early 1992 for California and the Los Angeles area are:

- The **cutbacks in defense** continue, and have become quite painful. The loss of the ATF fighter project to Georgia was sobering, and the fate of the B-2 bomber remains in doubt. However, some important new local projects like the stealth

missile and a stealth reconnaissance plane have been revealed. However, the trend in defense-related aerospace through-out California will be down for the foreseeable future, and there are few good job prospects for many of the displaced workers.

- The construction and real estate markets continue to be depressed. There has been a modest recovery in the resale housing market, but the prognosis in other sectors remains quite guarded. Moreover, funding for all types of new construction, especially office buildings, will remain very scarce.

- The drought continues to be a significant consideration, with cuts in water-intensive agricultural production expected to knock about \$1 billion off the value of the state's farm output in 1991. In the state's urban areas, however, vigorous conservation measures plus a cool summer have ironically resulted in somewhat of a surplus of water. Longer range, the drought remains a significant concern for the state.

- The budget problems of both the state and local governments will also have a retarding impact on the economy, due to fee and tax increases and to potential job cuts at some agencies. As one example, the increase in the state's retail sales tax in combination with dedicated over-rides for transportation will push the sales tax rate in Los Angeles County up to 8.25 percent. This won't inspire a consumer buying spree.

- And finally, there is the perception that there is an "anti-business environment" in California, due to heavy regulation and the need for a plethora of business permits. Obtaining these permits can be quite time-consuming. Other states have become extremely aggressive in their business recruitment efforts in California, and this is siphoning off jobs and will continue to siphon off jobs and tax base in the coming years. Anecdotal evidence indicates that this business flight is becoming serious in Los Angeles County's manufacturing sector.

There are positives in the outlook for the balance of 1991 and early 1992, however, including:

- Some services industries are performing fairly well, including engineering and management services and motion picture/television production, as noted earlier.

- International trade flows should also continue to expand. Imports through California's customs districts did slump in early 1991, reflecting both the recession and the middle east war, but started to rebound sharply at mid-year.

- The tourist industry was also hurt by the middle east war,

which caused a drop in international visitor flows to California. However, domestic tourism is showing some strength, and by year-end 1991 the tourist count should be even with the previous year. However, tourist spending patterns have changed, with emphasis now on low-cost fun.

- And finally, despite the impact of the drought, California's agricultural industry should still manage a decent performance, with farm receipts of over \$16 billion in 1991.

The net results

California should record a 0.2 percent decrease in inflation-adjusted gross product in 1991, compared with 1990's 3.2 percent advance. In the Los Angeles five-county area, gross product should inch up by 0.6 percent, versus a 3.0 percent increase in 1990. For the U.S., inflation-adjusted gross national product should drop by 0.4 percent in 1991, compared with a 1.0 percent gain in 1990. Thus, despite all the bad press that California's economy has been receiving, it will turn in what could be called an "average" performance during this business cycle.

TRENDS IN MAJOR INDICATORS

Population: Population trends in 1991 and 1992 in California and Southern California should continue to be positive. In-migration from elsewhere in the U.S. did slow down in early 1990 due to economic uncertainties, and there was some pick-up in out-migration from California. However, by mid-1991 there was a rebound in migration to the state from around the nation.

In the meantime, undocumented immigration is continuing to grow, as measured by apprehensions at the San Diego Zone of the U.S./Mexico border. There were 473,000 apprehensions in fiscal 1990, and so far in fiscal 1991 they are running 15 percent ahead of the year-ago level. Documented immigration and "natural" population increase also remain in an up-trend.

Population in California should increase by 2.5 percent in 1991, to a mid-year count of 30,725,000. In the five-county area, population should expand by 2.4 percent, to a July 1, 1991 count of 14,980,300. The Riverside-San Bernardino area will remain the leader, posting a 1991 gain of 5.7 percent, to 2,786,100.

Nonagricultural employment: There will be mixed trends in nonagricultural employment in the state and the Los Angeles five-county area during 1991. The state should eke out a 0.4 percent increase, while the five-county area should post a 0.4 percent decline. However, there will be a rather uneven performance by industry and by area in the state and five-county area.

Manufacturing and construction employment in the state will both experience major declines in 1991, of 65,000 and 70,000 jobs

respectively. These two sectors could continue to slide in 1992, unless construction lending rebounds by late in 1991. In the five-county area, Los Angeles County will suffer a 35,000 job loss in 1991, also due to declines in manufacturing and construction. Orange County should slip by 9,000 jobs, while Ventura County's nonfarm employment should be unchanged from 1990 to 1991. Only the Riverside-San Bernardino area will post an employment gain in 1991, of 20,100 jobs.

Unemployment rates: Sluggish job growth and still significant population growth will push unemployment rates in California and the five-county area up to very uncomfortable levels. The state is looking at an average unemployment rate of 7.9 percent in 1991, the highest level since 1983's 9.7 percent reading. In Los Angeles County, the 1991 average unemployment rate should be 7.8 percent, which would be the highest since 7.9 percent in 1984. Orange County should post a 4.8 percent unemployment rate in 1991, the highest since 1983's 7.1 percent average. In Riverside-San Bernardino, the unemployment rate should average 9.3 percent in 1991 despite the area's rather decent employment gains. But population growth is out-pacing job growth in the Riverside-San Bernardino area. Because unemployment is a lagging indicator, state and local rates could hang on the high side into 1992.

Personal Income and Consumer Prices: As might be expected, personal income gains in 1991 will be comparatively paltry. For California, personal income in 1991 should be up 4.5 percent, compared with 1990's 7.6 percent gain. In the five-county area, total personal income in 1991 should move up by 4.7 percent, to \$320 billion. In 1990, there was a robust 8.0 percent advance. The strongest income growth in the local area will be found in Riverside-San Bernardino, with a 7.9 percent increase. Income growth in the other three counties will be lackluster, 4.0 percent in Los Angeles, 4.5 percent in Orange County, and 4.6 percent in Ventura.

The only bright spot is that inflationary pressures in 1991 are easing. In the five-county area, the Consumer Price Index should increase 4.5 percent, down sharply from 1990's 5.9 percent advance. Comparing the CPI with personal income gains indicates that consumers in Riverside-San Bernardino will be ahead, those in Orange and Ventura counties will break even at best, and consumers in Los Angeles County will be hurting. Medical care costs continue to be a problem in the five-county area, but the rate of inflation in the housing component has eased significantly. However, given the softness in home prices around California, some experts still feel that this component of the local CPI is still being overstated.

Nationally, the rate of inflation is also easing to about 4.6 percent, compared with 1990's 5.4 percent increase. There is no official CPI for California, but the California Department of

Finance calculates a proxy index based on the Los Angeles and San Francisco area CPIs. This proxy closely tracks the trend for the Los Angeles area.

TRENDS IN MAJOR INDUSTRIES IN THE FIVE-COUNTY AREA:

Business, engineering and management services: This sector is recording steady gains, with the engineering design sector clearly setting the pace. California-based engineering firms are booking an impressive flow of new contracts, and near-term prospects remain bright. Other business service activities are recording more restrained growth, reflecting recessionary pressures.

Tourism: 1991 got off to a bad start for California's tourist industry as the middle-east war really crimped the flow of international tourists to the state. By mid-1991, however, there was a rebound in international travel, and the 1991 international passenger count at Los Angeles International should be up about 2 percent. In the meantime, the domestic side of the business has evidently picked up some steam, with surveys indicating that U.S. residents will be staying at home for their 1991 vacations. While there are a lot of out-of-state license plates on the freeways, Los Angeles area tourist attractions report uneven traffic patterns week to week. Also, tourists have become much more cost-conscious.

Overall, about 61.98 million tourists are expected in the Los Angeles area during 1991, unchanged from 1990's count. Hotel occupancy rates should slide, however, to 65.0 percent in Los Angeles County, compared with 67.0 percent in 1990. In Orange County, the 1991 hotel occupancy rate should be 63.0 percent, compared with 65.8 percent in 1990. Attendance at local theme parks should also be down from 1990's levels, despite a major new ride at the Universal Studio Tour - Hollywood.

Longer-range prospects for the Los Angeles area's tourism business remain favorable. Expansions of three local convention centers are still on track, while the Disney Company is nailing down plans for its second theme park in the area. Moreover, a flotilla of five-star hotels is either under development or just opening in the area.

High-tech/aerospace: The news remains grim for the Los Angeles area's aerospace industry. While locally-based Lockheed won the ATF fighter competition, the plane will be built in Georgia. In the meantime, Douglas Aircraft is continuing to move production activity out of the Los Angeles area, and the fate of the B-2 bomber is still uncertain. In addition, other states and regions are continuing their active recruitment of aerospace firms out of California.

There was a little good news from Northrop, which is reported to be working on both a stealth missile and a stealth reconnaissance plane. And business and government leaders of California and the

Los Angeles area are starting to rally around the local aerospace industry, with both expressions of support, and programs to help local firms develop new business.

Employment-wise, job losses will continue in 1991. In California, 36,000 aerospace jobs will be lost in 1991, compared with a drop of 25,300 in 1990. In the Los Angeles five-county area, aerospace employment will slide by 28,500, compared with a decline of 12,800 in 1990. The employment outlook for aerospace in California and the Los Angeles area over the next few years remains gloomy, as current programs reach completion. And the near-term employment prospects for many of the displaced workers is not at all favorable. There are few current quality job opportunities available, and not many can be expected to emerge over the next few years.

Health services: Slow, steady growth in this sector continues, despite financial problems at some health service firms. The lay-offs in manufacturing and potential lay-offs in financial services could negatively impact health service providers

Direct international trade: In 1990, the value of two-way trade through the Los Angeles Customs District increased 5.1 percent to \$106.6 billion. Import volume trailed off toward year-end, reflecting the developing U.S. recession, and the middle-east situation. And this weakness continued into the first half of 1991. By mid-1991, however, there was a rebound in imports at West Coast ports. Combined with continued strength in exports, the value of two-way trade through the Customs District should move ahead 3.5 percent to \$110.3 billion in 1991.

Apparel manufacturing: Despite the turmoil in retailing and the squeeze on the consumer's pocketbook, apparel manufacturing employment in both California and Los Angeles County should hold about even with the 1990 level. Most merchants feel it will be September before they get a good sense of consumer buying trends, so apparel firms will continue to operate under pressure into 1992.

Motion picture/TV production: After strong growth in both 1989 and 1990, there is some retrenchment in the "industry." Domestic box office receipts in 1991 are running behind those two years, and there is a slightly more cautious attitude in the motion picture industry. However, some studios are still in an expansion mode, so there will be a net gain in employment.

Construction and real estate: If you want to find some long faces, visit people in construction and real estate anywhere in California. Lenders have slammed the vault doors shut, and the construction pipeline is running dry. Moreover, lenders are expected to remain very picky about any proposed new projects, especially in the office market, since the state's real estate industry remains suspect in the eyes of eastern analysts.

According to CB Commercial, the national office vacancy rate stood at 19.4 percent in March 1991. In California, four metropolitan areas had higher rates, including Orange County -- 21.2 percent, and Ventura County -- 26.1 percent. Los Angeles County posted an 18.9 percent reading, while Riverside-San Bernardino was not included in the survey. Vacancy rates will go higher in both Los Angeles and Orange counties over the next 12 months, as new product is still coming on line. However, brokers point out that there is still demand for office space. The lowest office vacancy rates in the state are found in the north; Sacramento checks in with a 13.8 percent vacancy rate, San Francisco has a 14.0 percent reading, and San Jose is low at 11.9 percent.

On the residential side of the market, the situation is also very mixed. The resale housing market is recording a slow improvement in sales, but prices are still flat. In new residential construction, 1991 activity will continue to trace a downward trend. New housing permits in California should drop 38.0 percent to 102,000 units, while the five-county area should see a 43.8 percent slide to 38,600 units. With the aggressive marketing of the existing new inventory and an expected decline in mortgage rates, the California housing market should start to recover in 1992, lenders willing. Moreover, there could even be complaints about a shortage of new housing around the state by early 1992.

Retailing: More long faces can be found in California's retailing industry since sales for the state are expected to be up just 2.5 percent, while the five-county area should record a dismal 1.8 percent gain. When inflation is factored out, this yields a significant drop in unit sales. The grim retail climate has taken its toll, with one retail chain shutting its doors, and another slipping into Chapter 11 bankruptcy. A considerable number of smaller retailers are also biting the dust. To add to the pain, major national retail operators are still moving into the California market, with the charge being led by Walmart, while Smith's Foods International and Phar-mor are not far behind.

With all this retail turmoil, mall owners are often scrambling to fill big chunks of vacant space. However, two new regional malls are actually under construction in the five-county area -- Burbank and Moreno Valley, and planning for some more is well along. The most notable examples are in Culver City and Santa Clarita.

Another aspect that retailers in the five-county area have to consider is the rapid change in ethnicity that is taking place. This has significant implications for both advertising and merchandising policies.

IN CONCLUSION

The U.S. economy will be recovering by year-end, but it will be a disturbingly slow process, and uneven by business sector and by region. The year 1991 is also proving economically painful for

California and Southern California. Not only was there the recession, but the viability of the business climate became a significant issue. The travails of the aerospace industry have been well documented, but adding fuel to the fire was the announcement that General Motors would be closing their Van Nuys plant in mid-1992. This will cost 2,600 jobs. In addition, the proposed merger of Bank of America with Security Pacific Bank also has employment ramifications for 1992. To make such mergers pay, there has to be quick cuts in overlapping functions. Early estimates put potential job cuts in California from this merger at 12,000. Finally, there is the on-going turmoil in the savings and loan industry that is costing jobs. In an economy climbing slowly out of recession, employment prospects for all the displaced workers are not bright.

Another unsettling element has been inserted into the near-term economic outlook, and that is the political instability in the U.S.S.R.. How this situation plays out could have implications for consumer confidence and possibly U.S. defense spending.

What about 1992?

The U.S. economy should be solidly in a recovery mode at the start of 1992, and California should join in during the first half. Total nonfarm employment in the state should advance by 2.0 percent during the year, while personal income should increase by 7.0 percent. These are decent but certainly not booming gains. Aerospace will still be a drag, but there should be some definite signs of life in construction.

In Southern California, the economy of the Riverside-San Bernardino area should be accelerating, but Los Angeles County could end up with little or no employment growth in 1992. The services segment of its economy should be picking up momentum, but the drag from manufacturing will still be significant. This reflects not only aerospace but other manufacturing "flight" from the County as well. Employment in the financial services segment could also be weak, reflecting the Bank of America/Security Pacific merger.

Major Challenges

It is obvious that both California and Southern California face some major challenges. For the Los Angeles five-county area, there are four major "transitions," including:

- **Demographic:** the major shifts in ethnicity reported by the 1990 Census of Population caught people off-guard. With the white-non-hispanic share of the five-county area's population now down to 49.8 percent, there are a number of ramifications, both political and business-wise.
- **Shift in the economic base:** the down-sizing in aerospace has major implications for all levels of government, particularly in terms of both job and tax base loss. And the sizable

MANUFACTURING EMPLOYMENT TRENDS
IN SOUTHERN CALIFORNIA

	1979	1985	1986	1987	1988	1989	1990	1991f
Los Angeles - Long Beach	924.9*	887.1	891.4	905.9	897.7	886.2	858.9	810.0
Anaheim - Santa Ana	216.0	241.9	241.7	248.6	258.9*	256.6	253.0	247.0
Oxnard - Ventura	23.3	29.8	29.2	29.7	31.5	32.3	32.7*	31.2
Riverside - San Bernardino	67.2	69.8	74.5	80.1	84.8	88.2	89.8*	88.0
5-COUNTY TOTAL	1,231.4	1,228.6	1,236.7	1,264.3	1,272.9*	1,263.3	1,234.4	1,176.2
CALIFORNIA	2,012.7	2,076.1	2,069.7	2,107.6	2,149.7	2,161.4*	2,122.8	2,057.8
UNITED STATES	21,040.0*	19,260.0	18,965.0	19,024.0	19,350.0	19,442.0	19,111.0	18,300.0

f = Forecast
 * = Peak year

Source: U.S. Bureau of Labor Statistics; California Employment Development Department

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decline in durable goods manufacturing activity in Los Angeles County indicates that business "flight" is becoming a reality. The usual complaints among business people are about over-regulation with all the attendant paperwork, fees and time consumed, and about the high levels of taxes. Manufacturing employment in the five-county area hit an all-time high of 1,272,900 jobs in 1988 (annual average), but should drop back to an average of 1,176,200 in 1991. The bulk of the decline will be found in Los Angeles County.

- **Leadership:** there is a lack of leadership in the five-county area, as older leaders relinquish the reins and no new leaders step forward. Analysts feel that there is no clear vision for the area on the part of most business or government leaders. However, new coalitions are quietly being formed to step into this vacuum.

- **Working for growth:** growth came very easily for California and the five-county area during most of the 1980s, but those days are gone. It is obvious that hard work will be required if the area wants to retain the economic base that currently exists, as well as attract any new businesses. The area is starting to gear-up, but it will take a while to get programs going. In the meantime, a lot of qualified people will be struggling to find quality jobs, and governments will be struggling with revenue short-falls. One observer noted that jobs could be the big political issue of the early 1990s in the both the five-county area and the state.

The next few years will not be easy for the Los Angeles five-county area, but longer-term prospects are still favorable. The transitions will be slow and time-consuming, but will also create new opportunities.

PROBABILITIES AND RISKS

The probability of the occurrence of this forecast is placed at 65 percent. The risks would include a more sluggish national economic recovery than forecast, major political unrest in the U.S.S.R., and more major aerospace and financial industry layoffs than currently expected.

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ECONOMIC INDICATORS - CALIFORNIA

	Population July 1 (000)	Total Nonagric. Employment (Avg. in 000)	Unemployment Rate-Ann'l Avg. (%)	Aerospace/High-Tech Employment ⁽²⁾ (Avg. in 000)
1980.....	23,780.0	9,848.8	6.8	632.6
1981.....	----- ⁽¹⁾	9,985.3	7.4	647.1
1982.....	-----	9,810.3	9.9	658.3
1983.....	-----	9,965.8	9.7	672.0
1984.....	-----	10,573.8	7.8	730.0
1985.....	-----	10,979.1	7.2	753.7
1986.....	-----	11,250.1	6.7	752.2
1987.....	-----	11,678.5	5.8	752.2
1988.....	-----	12,103.4	5.3	725.5
1989.....	-----	12,569.9	5.1	718.0
1990.....	29,976.0	12,872.7	5.4	692.7
1991(f) ..	30,725.0	12,925.0	7.9	656.7
% Change:				
'88-'89	-----	3.9%	-----	-1.0%
'89-'90	-----	2.4%	-----	-3.5%
'90-'91	-----	0.4%	-----	-5.2%

	Total Personal Income (millions)	Taxable Retail Sales (millions)	Housing Unit Permits ⁽³⁾	
1980.....	\$ 276,107.0	\$ 94,211.0	144,977.0	
1981.....	308,731.0	101,666.0	104,594.0	
1982.....	328,033.0	102,009.0	85,656.0	
1983.....	352,438.0	113,349.0	172,569.0	
1984.....	389,183.0	126,736.0	224,845.0	
1985.....	422,608.0	135,901.0	272,317.0	
1986.....	453,110.0	141,880.0	314,569.0	
1987.....	490,846.0	150,252.0	253,171.0	
1988.....	535,721.0	162,509.0	255,559.0	
1989.....	579,189.0	175,766.0	237,747.0	
1990.....	623,267.0	180,404.0	164,563.0	
1991(f) ..	651,315.0	184,900.0	102,000.0	
% Change				
'88-'89	8.1%	8.2%	-7.0%	
'89-'90	7.6%	2.6%	30.8%	
'90-'91	4.5%	2.5%	38.0%	

f = forecast

(1) Intercensus estimates not yet available

(2) Data from 1988 on are not strictly comparable with earlier data due to a switch to 1987 SIC codes.

(3) Source: Construction Industry Research Board.

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ECONOMIC TRENDS IN THE LOS ANGELES FIVE-COUNTY AREA
(Los Angeles, Orange, Riverside, San Bernardino and Ventura Counties)

	<u>Population</u> <u>July 1</u> (000)	<u>Non-Agricultural</u> <u>Employment</u> (Average in 000)	<u>Unemployment</u> <u>Rates</u> ⁽¹⁾	<u>Aerospace/High-Tech</u> <u>Employment</u> ⁽²⁾ (Average in 000)	<u>Total Personal</u> <u>Income</u> (Billions)
1980.....	11,539.6	5,043.6	4.3-7.6%	367.5	\$135.3
1981.....	----.---	5,101.5	4.7-8.4%	374.2	\$151.5
1982.....	----.---	4,974.2	7.2-12.2%	366.4	\$160.6
1983.....	----.---	5,041.4	7.1-10.0%	369.8	\$171.5
1984.....	----.---	5,334.0	4.7-7.9%	392.4	\$189.3
1985.....	----.---	5,535.5	4.4-7.3%	412.8	\$205.7
1986.....	----.---	5,703.7	4.0-6.9%	421.6	\$221.4
1987.....	----.---	5,918.1	3.3-5.7%	423.5	\$241.0
1988.....	----.---	6,099.5	3.0-5.8%	402.6	\$261.6
1989.....	----.---	6,327.2	2.9-5.7%	387.2	\$283.1
1990.....	14,629.1	6,493.0	3.3-6.6%	370.3	\$305.8
1991(f) ..	14,980.3	6,467.8	4.8-9.3%	341.8	\$320.1
%Change:					
'88/'89	----	3.7%	----	-3.8%	8.2%
'89/'90	----	2.6%	----	-4.4%	8.0%
'90/'91	2.4%	-0.4%	----	-7.7%	4.7%

Economic Trends in the Los Angeles Five-County Area

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	<u>Per Capita Personal Income</u>	<u>Taxable Retail Sales</u> (Billions)	<u>Consumer Price Index⁽³⁾</u> (1982-84=100, avg.)	<u>Housing Unit Permits ⁽⁴⁾</u>	<u>Value of International Trade</u> (Billions)
1980.....	\$11,725	\$45.4	83.7	59,908	\$ 34.9
1981.....	----	\$48.9	91.9	46,392	\$ 38.8
1982.....	----	\$48.6	97.3	31,833	\$ 38.3
1983.....	----	\$53.4	99.1	69,789	\$ 42.6
1984.....	----	\$60.0	103.6	98,984	\$ 49.6
1985.....	----	\$64.8	108.4	120,869	\$ 63.8
1986.....	----	\$67.4	111.9	160,547	\$ 68.5
1987.....	----	\$73.7	116.7	124,996	\$ 77.6
1988.....	----	\$78.8	122.0	133,535	\$ 90.0
1989.....	----	\$85.2	128.3	115,657	\$101.4
1990.....	\$20,904	\$86.7	135.9	68,491	\$106.6
1991(f) ..	\$21,368	\$88.3	142.0	38,600	\$110.3
% Change					
'88/'89	----	8.1%	5.2%	-134%	12.6%
'89/'90	----	1.8%	5.9%	-40.8%	5.1%
'90/'91	2.2%	1.8%	4.5%	-43.8%	3.5%

f = forecast

- (1) There was a change in the data development procedure for Los Angeles County in April 1988. These distort comparisons with previous periods.
- (2) Data from 1988 on are not strictly comparable with earlier data due to switch to 1987 SIC codes.
- (3) Five-County area.
- (4) Source: Construction Industry Research Board

ECONOMIC INDICATORS - LOS ANGELES COUNTY

	Population <u>July 1</u> (000)	Total Nonagric. <u>Employment</u> (Avg. in 000)	Unemployment <u>Rate</u> (Ann'l Avg.)	Aerospace/High-Tech <u>Employment</u> ⁽³⁾ (Avg. in 000)
1980.....	7,493.9	3,610.3	6.6%	270.1
1981.....	---- ⁽¹⁾	3,641.0	6.9%	275.7
1982.....	----	3,532.7	9.3%	270.0
1983.....	----	3,555.8	9.7%	270.9
1984.....	----	3,723.5	7.9%	283.2
1985.....	----	3,825.1	7.0%	296.9
1986.....	----	3,908.2	6.7%	301.1
1987	----	4,019.8	5.9%	299.3
1988.....	----	4,096.8	4.9% ⁽²⁾	281.0
1989.....	----	4,220.6	4.7% ⁽²⁾	272.4
1990.....	8,897.5	4,297.8	5.9%	259.6
1991(f) ..	9,037.5	4,262.8	7.9%	235.0
% Change				
'88-'89	----	3.0%	----	-3.1%
'89-'90	----	1.8%	----	-4.7%
'90-'91	1.5%	-0.8%	----	-9.5%

ECONOMIC INDICATORS - LOS ANGELES COUNTY (cont.)

	<u>Total Personal Income</u> (millions)	<u>Cons. Price Index</u> <u>L.A. 5-Co. Area</u> (% Chng. Y/Y)	<u>Taxable Retail Sales</u> (millions)
1980.....	\$ 88,053.0	15.8%	\$ 29,706
1981.....	\$ 98,106.7	9.8%	\$ 31,725
1982.....	\$103,953.2	5.9%	\$ 31,081
1983.....	\$109,980.6	1.8%	\$ 33,570
1984.....	\$120,917.2	4.5%	\$ 37,341
1985.....	\$130,395.0	4.6	\$ 39,995
1986.....	\$138,876.0	3.2%	\$ 41,264
1987.....	\$149,952.0	4.3%	\$ 44,239
1988.....	\$161,836.2	4.5%	\$ 46,820
1989.....	\$174,366.2	5.1%	\$ 50,104
1990.....	\$187,088.1	5.9%	\$ 50,624
1991(f) ..	\$194,572.0	4.5%	\$ 51,637
% Change:			
'88-'89	7.7%	----	7.0%
'89-'90	7.3%	----	1.0%
'90-'91	4.0%	----	2.0%

ECONOMIC INDICATORS - LOS ANGELES COUNTY (cont.)

	Value of Two-Way Trade - <u>L.A. Customs Dist.</u> (Billions)	Housing Unit <u>Permits</u> ⁽⁴⁾	Total Non-Res. Bldg. <u>Permit Value</u> (Millions)
1980.....	\$ 34.9	28,761	\$ 2,525.9
1981.....	\$ 38.8	21,091	\$ 2,843.9
1982.....	\$ 38.3	14,424	\$ 2,618.8
1983.....	\$ 42.6	27,967	\$ 2,725.6
1984.....	\$ 49.6	37,681	\$ 3,299.9
1985.....	\$ 63.8	54,192	\$ 3,918.6
1986.....	\$ 68.5	70,214	\$ 4,014.5
1987.....	\$ 77.6	56,488	\$ 4,004.4
1988.....	\$ 90.0	50,498	\$ 4,642.6
1989.....	\$ 101.4	48,341	\$ 4,484.7
1990.....	\$ 106.6	25,044	\$ 3,831.1
1991(f)	\$ 110.3	15,200	\$ 3,050.0
% Change			
'88-'89	12.7%	- 3.9%	- 3.4%
'89-'90	5.1%	-48.2%	-14.5%
'90-'91	3.5%	-39.1%	-20.4%

ECONOMIC INDICATORS - LA COUNTY (cont.)

f = forecast

- (1) Intercensus estimates not yet available
- (2) There was a change in the data development procedure for Los Angeles County in April 1988 and again in November 1989. These distort comparisons.
- (3) Data from 1988 on reflect use of 1987 SIC Codes. This distorts comparisons with previous year's data.
- (4) Construction Industry Research Board.

Sources: California Department of Finance, Employment Development Department, and Board of Equalization; U.S. Department of Commerce, and Bureau of Labor Statistics.

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ECONOMIC INDICATORS - ORANGE COUNTY

	Population July 1 (Avg. 000)	Total Nonagric. Emplmnt. (Avg 000)	Unemplmt Rate-- Ann'l Avg.	Aerospace/ High-Tech Emplmnt.(2) (Avg 000)	Total Personal Income (millions)	Taxable Retail Sales (millions)	Housing Unit Permits	Total Non- res. Bldg. Valuation (millions)
1980....	1,942.2	836.4	4.3%	80.1	\$25,407.5	\$ 8,452	10,915	\$ 707.9
1981....	-----	824.2	4.7%	79.7	\$28,833.7	\$ 9,218	9,409	\$ 770.3
1982....	-----	848.5	7.2%	78.0	\$30,612.7	\$ 9,334	5,394	\$ 742.2
1983....	-----	873.8	7.1%	80.4	\$32,941.3	\$10,507	13,353	\$ 758.9
1984....	-----	950.7	4.7%	88.5	\$36,655.7	\$11,979	17,437	\$1,168.9
1985....	-----	999.1	4.4%	92.1	\$40,169.6	\$13,007	20,383	\$1,318.5
1986....	-----	1,040.2	4.0%	94.7	\$43,396.0	\$13,364	24,913	\$1,449.6
1987....	-----	1,091.9	3.3%	95.1	\$47,434.5	\$15,037	24,698	\$1,366.2
1988....	-----	1,149.4	3.0%	92.4	\$51,436.4	\$16,106	23,455	\$1,551.8
1989....	-----	1,190.5	2.9%	87.6	\$55,999.5	\$17,448	16,637	\$1,531.4
1990....	2,424.1	1,219.0	3.3%	85.5	\$59,992.9	\$17,529	11,979	\$1,172.7
1991(f)...	2,474.1	1,210.0	4.8%	84.0	\$62,692.6	\$17,266	6,500	\$ 820.0
% Change								
'88-'89..	-----	3.5%	-----	-5.2%	8.9%	8.3%	-28.6%	- 1.3%
'89-'90..	-----	2.4%	-----	-2.4%	7.1%	0.5%	-28.0%	-23.4%
'90-'91	2.1%	-0.7%	-----	-1.8%	4.5%	-1.5%	-45.7%	-30.0%

f = Forecast

(1.) Intercensus estimates not available.

(2.) Data from 1988 on are not strictly comparable with earlier data due to a switch to 1987 SIC Codes.

EDC - 8/91

ECONOMIC INDICATORS
RIVERSIDE - SAN BERNARDINO METRO AREA (1.)

	Popula- tion July 1 (000)	Total Nonagri. Emplmnt (Avg in 000)	Unemplmt Rate -- Ann.Avg.	Aerospace/ High-Tech. Emplmnt ⁽²⁾ (Avg in 000)	Total Personal Income (millions)	Taxable Retail Sales (millions)	Total Housing Unit Permits	Total Non- res. Bldg. Permit Valuation (millions)
1980...	1,571.3	443.9	7.6%	9.4	\$15,861.9	\$ 5,485	16,210	\$ 407.8
1981...	---(1.)	438.3	8.4	10.5	17,915.9	6,009	13,141	547.4
1982...	---	431.8	12.2	9.9	18,872.5	6,159	10,817	452.1
1983...	---	444.8	10.0	10.0	20,763.3	7,009	24,955	505.0
1984...	---	482.0	7.9	10.9	23,025.2	8,075	38,998	848.5
1985...	---	524.8	7.1	12.6	25,661.5	8,938	40,112	989.2
1986...	---	561.6	6.4	14.4	28,723.8	9,704	57,907	1,094.5
1987...	---	600.9	5.7	17.1	32,244.6	10,990	39,631	1,227.5
1988...	---	636.4	5.8	16.0 ⁽²⁾	35,887.4	12,208	54,429	1,318.7
1989...	---	688.1	5.7	15.0	39,344.4	13,708	45,653	1,437.7
1990...	2,636.1	739.9	6.6	14.3	44,090.4	14,574	28,840	1,415.7
1991(f)	2,786.1	760.0	9.3	13.3	47,570.0	15,336	15,500	1,130.0
% Change								
'88-'89	---	8.1%	---	-6.2%	9.6%	12.3%	-16.1%	9.0%
'89-'90	---	7.5%	---	-4.7%	12.1%	6.3%	-36.5%	-1.5%
'90-'91	5.7%	2.7%	---	-7.0%	7.9%	5.2%	-46.3%	-20.2%

f = Forecast

(1.) Riverside and San Bernardino counties

(2.) Data from 1988 on are not strictly comparable with earlier data due to switch to 1987 SIC codes.

ECONOMIC INDICATORS
VENTURA COUNTY

	Population July 1 (000)	Total Nonagric. Emplmnt. (Avg in 000)	Unemplmnt. Rate Ann'l Avg.	Aerospace/ High-Tech Emplmt ⁽²⁾ (Avg in 000)	Total Personal Income (millions)	Taxable Retail Sales (millions)	Housing Unit Permits
1980...	532.2	153.0	6.7%	7.9	\$ 5,940.7	\$ 1,775	4,022
1981...	--- ^(1.)	158.0	7.3	8.3	6,670.1	1,994	2,764
1982...	---	161.2	10.5	8.5	7,114.6	2,032	1,198
1983...	---	167.0	9.3	8.5	7,857.9	2,332	3,514
1984...	---	177.8	7.7	9.8	8,663.1	2,650	4,858
1985...	---	186.6	7.3	11.2	9,495.6	2,825	6,182
1986...	---	193.7	6.9	11.4	10,360.8	3,071	7,513
1987...	---	205.5	5.5	12.0	11,383.4	3,396	4,205
1988...	---	216.9	5.3	13.2	12,418.8	3,659	5,154
1989...	---	228.0	5.1	12.2	13,396.3	3,935	5,026
1990...	671.6	236.3	5.5	10.9	14,592.9	3,957	2,612
1991(f) ..	682.6	235.0	6.9	9.5	15,262.2	4,056	1,400
% Change							
'88-'89	---	5.1%	---	- 7.6%	7.9%	7.5%	-2.5%
'89-'90	---	3.6%	---	-10.7	8.9	0.6	-47.9
'90-'91	1.6%	-0.6%	---	-12.8	4.6	2.5	-3.8

f = Forecast

(1.) Intercensus estimates not available.

(2.) Data from 1988 on are not strictly comparable with earlier data due to a switch to 1987 SIC Codes.

